

**ALLEN ACTION AGENCY, INC.**  
**Oberlin, Louisiana**

**Financial Report**  
**Year Ended June 30, 2020**

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# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Brad E. Kolder, CPA, JD\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Christine C. Doucet, CPA  
Wanda F. Arcement, CPA, CVA  
Bryan K. Joubert, CPA  
Matthew E. Margaglio, CPA  
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141

11929 Bricksome Ave.  
Baton Rouge, LA 70816  
Phone (225) 293-8300

1428 Metro Dr.  
Alexandria, LA 71301  
Phone (318) 442-4421

450 E. Main St.  
New Iberia, LA 70560  
Phone (337) 367-9204

200 S. Main St.  
Abbeville, LA 70510  
Phone (337) 893-7944

1201 David Dr.  
Morgan City, LA 70380  
Phone (985) 384-2020

434 E. Main St.  
Ville Platte, LA 70586  
Phone (337) 363-2792

332 W. Sixth Ave.  
Oberlin, LA 70655  
Phone (337) 639-4737

Victor R. Slaven, CPA\* - retired 2020

## INDEPENDENT AUDITOR'S REPORT

\* A Professional Accounting Corporation

WWW.KCSRCPAS.COM

Mr. Lyndon Livingston, Executive Director, and  
Members of the Board of Directors  
Allen Action Agency, Inc.  
Oberlin, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of Allen Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allen Action Agency, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the combining statement of financial position, and schedule of grant revenue, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, on our consideration of the Allen Action Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion the effectiveness of Allen Action Agency, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Allen Action Agency, Inc.'s internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
December 9, 2020

## **FINANCIAL STATEMENTS**

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Statement of Financial Position  
June 30, 2020

ASSETS

Current assets:	
Cash	\$ 96,977
Grant receivable	<u>14,145</u>
Total current assets	111,122
Property and equipment, net	635,140
Other assets	<u>225</u>
Total assets	<u>\$ 746,487</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 7,649
Accrued salaries and related benefits	12,305
Deferred revenue	2,623
Note payable	<u>20,280</u>
Total liabilities	<u>42,857</u>
Net assets:	
With donor restrictions	28,281
Without donor restrictions	<u>675,349</u>
Total net assets	<u>703,630</u>
Total liabilities and net assets	<u>\$ 746,487</u>

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Statement of Activities  
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
Government grants	\$ -	\$ 1,438,476	\$ 1,438,476
Local grants	41,426	13,195	54,621
Donated services and facilities	-	350,233	350,233
Net assets released from restrictions	<u>1,713,061</u>	<u>(1,713,061)</u>	<u>-</u>
Total revenues, gains, and other support	<u>1,754,487</u>	<u>88,843</u>	<u>1,843,330</u>
Expenses:			
Program services -			
Energy Assistance Programs	33,442	-	33,442
Emergency Food Shelter Programs	11,359	-	11,359
Local grants	33,388	-	33,388
Food services	88,150	-	88,150
Head Start Program	<u>1,517,163</u>	<u>-</u>	<u>1,517,163</u>
Total program services	1,683,502	-	1,683,502
Support services -			
Management and general -			
Community Services Block Grant	<u>62,947</u>	<u>-</u>	<u>62,947</u>
Total expenses	<u>1,746,449</u>	<u>-</u>	<u>1,746,449</u>
Change in net assets	8,038	88,843	96,881
Net assets, beginning	<u>20,243</u>	<u>586,506</u>	<u>606,749</u>
Net assets, ending	<u>\$ 28,281</u>	<u>\$ 675,349</u>	<u>\$ 703,630</u>

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Statement of Functional Expenses  
For the Year Ended June 30, 2020

	Program Services				Head Start Program	Total Program Services	Support	Totals
	Energy Assistance Grants	Emergency Food & Shelter Grants	Local Grants	Food Services Program			Management and General	
Salaries	\$ 12,908	\$ -	\$ 2,247	\$ 29,979	\$ 669,470	\$ 714,604	\$ 45,868	\$ 760,472
Payroll taxes	987	-	228	-	62,074	63,289	3,509	66,798
Retirement	387	-	-	-	16,287	16,674	981	17,655
Total salaries and related expenses	<u>14,282</u>	<u>-</u>	<u>2,475</u>	<u>29,979</u>	<u>747,831</u>	<u>794,567</u>	<u>50,358</u>	<u>844,925</u>
Dues	-	-	-	-	2,158	2,158	-	2,158
Energy assistance	3,356	-	-	-	-	3,356	-	3,356
Food and nutrition	5,818	-	-	58,171	15,295	79,284	-	79,284
Insurance	249	-	-	-	56,806	57,055	463	57,518
Interest expense	-	-	-	-	2,107	2,107	-	2,107
Contributed services and facility costs	-	-	-	-	350,233	350,233	-	350,233
Medical and dental	-	-	-	-	6,418	6,418	-	6,418
Miscellaneous	-	68	4,927	-	29,984	34,979	1,069	36,048
Other occupancy	1,389	-	-	-	5,796	7,185	-	7,185
Parent involvement	-	-	2,706	-	677	3,383	-	3,383
Printing and advertising	-	-	80	-	120	200	-	200
Professional fees	500	-	-	-	24,315	24,815	1,600	26,415
Rent assistance	-	6,350	-	-	-	6,350	-	6,350
Repairs and maintenance	-	-	-	-	62,197	62,197	-	62,197
Seminars and workshops	-	-	-	-	5,035	5,035	-	5,035
Supplies and materials	5,979	-	22,231	-	61,371	89,581	4,886	94,467
Telephone	1,026	-	-	-	20,526	21,552	3,554	25,106
Travel	679	-	969	-	10,001	11,649	-	11,649
Utilities	164	4,941	-	-	37,324	42,429	1,017	43,446
Total expenses before depreciation	<u>33,442</u>	<u>11,359</u>	<u>33,388</u>	<u>88,150</u>	<u>1,438,194</u>	<u>1,604,533</u>	<u>62,947</u>	<u>1,667,480</u>
Depreciation expense	-	-	-	-	78,969	78,969	-	78,969
Total expenses	<u>\$ 33,442</u>	<u>\$ 11,359</u>	<u>\$ 33,388</u>	<u>\$ 88,150</u>	<u>\$ 1,517,163</u>	<u>\$ 1,683,502</u>	<u>\$ 62,947</u>	<u>\$ 1,746,449</u>

The accompanying notes are an integral part of this statement.



ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Statement of Cash Flows  
For the Year Ended June 30, 2020

Cash flows from operating activities:	
Change in net assets	\$ 96,881
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	78,969
Increase in grant receivable	(7,344)
Increase in accounts payable	4,385
Increase in accrued salaries and related benefits	393
Decrease in deferred revenue	309
Net cash provided by operating activities	<u>173,593</u>
Cash flows from financing activities:	
Acquisition of capital assets	(126,576)
Payment on long term debt	<u>(39,302)</u>
Net cash used by capital and related financing activities	<u>(165,878)</u>
Increase in cash and cash equivalents	7,715
Cash and cash equivalents, beginning	<u>89,262</u>
Cash and cash equivalents, ending	<u>\$ 96,977</u>
Supplemental data:	
Interest paid	<u>\$ 2,107</u>

The accompanying notes are an integral part of this statement

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Allen Action Agency, Inc., (the Agency) incorporated under the laws of the State of Louisiana on August 19, 1965, is a nonprofit organization as defined by Section 501(c)(3) of the Internal Revenue Code. The Agency receives grants from federal and state governments to conduct various community service programs, including the Head Start Program for Allen Parish. Its primary purpose is to better the conditions under which people in the Allen Parish area live.

B. Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Agency may spend the funds. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

C. Fixed Assets and Depreciation

Fixed assets are recorded at cost. Depreciation of fixed assets is calculated on the straight-line basis over an estimated useful life of 3-30 years. The Agency follows the practice of capitalizing all expenses for equipment and buildings in accordance with each program's grant guidelines.

D. Budgets

Allen Action Agency, Inc. does not adopt budgets on a fiscal year basis. Each grant program's budget is based on its individual program year end and is approved by the program at the inception of the program. Budgetary amendments must generally be approved by the program as well.

E. Compensated Absences

Vacation and sick leave are recorded as expenses of the period in which paid. Vacation and sick leave are accrued based on years of service. Employees with three years of service or less accrue 8 hours per month of vacation and sick leave, three to five years of service permits 10 hours per month of accrual, and employees with five or more years of service accrue 12 hours per month. Any vacation leave in excess of 72 hours and all sick leave not utilized by the end of each year is forfeited.

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

F. Statement of Cash Flows

The Allen Action Agency, Inc. considers all highly liquid investments with maturity of three months or less at the date of acquisition to be cash equivalents.

G. Income Tax Status

The Agency qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as an organization that is not a private foundation. However, the Agency's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the Agency's management to evaluate tax positions taken and recognize a tax liability (or asset) if the Agency has undertaken an uncertain tax position that more than likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Agency, and has concluded that as of June 30, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Agency is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Agency's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

I. Functional Expenses

Expenses are charged to each program based on direct expenditures incurred.

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(2) Liquidity and Availability of Financial Assets

The following reflects the Agency's financial assets as of June 30, 2020, reduced by amounts not available for general use because of contractual restrictions or Board designations within one year of the statement of financial position date.

Financial assets at June 30, 2020:	\$ 111,122
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Food Services Program	(53,130)
Energy Assistance Grants	(448)
Parents Fund	<u>(3,223)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 54,321</u>

As part of the Agency's liquidity management, the Agency maintains sufficient cash balances throughout the year through the receipt of grants from Federal, State, and local agencies to support the Agency's objective to conduct various community service programs, including the Head Start Program for Allen Parish, and improve the conditions under which people in the Allen Parish area live.

(3) Due To/From Other Funds

Individual programs' balance of due to and from other funds at June 30, 2020 are as follows. The following balances have been eliminated in the statement of financial position.

	<u>Due from other funds</u>	<u>Due to other funds</u>
Accounts Payable/Payroll	\$ 1,521	\$ 11,282
Food Services	8,851	-
Energy Assistance	<u>1,915</u>	<u>1,005</u>
	<u>\$ 12,287</u>	<u>\$ 12,287</u>

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(4) Property and equipment

Property and equipment at June 30, 2020 consisted of the following:

Land	\$ 10,039
Buildings and improvements	1,057,467
Furniture, fixtures and equipment	<u>623,760</u>
	1,691,266
Less: Accumulated depreciation	<u>(1,056,126)</u>
Property and equipment, net	<u>\$ 635,140</u>

Property and equipment purchased with federal monies may revert back to the government or the sale of such property and equipment must be approved, and the proceeds from the sale are restricted. Depreciation expense for the year ended June 30, 2020 totaled \$78,969.

(5) Notes Payable

The Agency's note payable balance consisted of the following at June 30, 2020:

Notes payable to Iberia Bank, original amount of \$599,879, due in monthly installments of \$3,451, which includes interest at 10.375%, maturing in October 2021, secured by land and a building.	<u>\$ 20,280</u>
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The annual requirement to amortize the note, including interest of \$622, follows:

Year ending	Payment
June 30,	Due
<u>2021</u>	<u>\$ 20,902</u>

(6) Deferred Revenue

Deferred revenue at June 30, 2020 in the amount of \$2,623 consists of grant funds received from LIHEAP in advance of expenditures which will take place in the next fiscal year.

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(7) Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2020 are restricted for specific purposes as follows:

Food programs	\$ 61,981
Head Start pre-school education	607,407
Utility assistance	5,961
	<u>\$ 675,349</u>

(8) Net Assets Released from Restrictions

Detail of net assets released from restrictions for the year ended June 30, 2020 follows:

Purpose restrictions accomplished:	
Energy Assistance Grants	\$ 33,442
Food Services Program	99,509
Head Start Program	1,517,163
Community Services Block Grant	62,947
	<u>\$ 1,713,061</u>

(9) Grant Revenue

The Agency's major source of revenue is grants from federal and state governmental entities. The use of these funds is restricted to the purpose set forth in the individual grant agreements. Such grant agreements are subject to review and audit by governmental agencies. Such audits could result in a request for reimbursement by the grantor for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of Allen Action Agency, Inc., such disallowances, if any, will not be significant.

(10) Contributed Facilities, Services, and Materials

Contributed facilities represent the estimated fair rental value of office and storage space. Contributed services represent volunteer teachers, doctors, and attorneys in which the value of the service creates or enhances non-financial assets, or the service is specialized and would otherwise be purchased if not provided by donation. Contributed facilities, services, and materials are reflected in the financial statements at fair value, which amounted to \$350,233 for the year ended June 30, 2020.

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(11) Retirement

The Agency maintains a 403(b) plan for its employees of the Head Start program and Agency administrative personnel. Under this plan there is no fixed dollar amount of retirement benefits. Employee and employer contributions determine the retirement benefits available. Contributions are invested in mutual funds, which will be administered by the custodian. Participants are eligible by completing one month of service with the Agency. Employee contributions cannot exceed \$18,000 annually. Employer contributions are discretionary, and vesting is automatic. Participants may receive loans from their individual accounts up to the lesser of \$50,000 or 50% of their account balance. Loans will bear interest at a rate determined by the plan administrator. The term of loans may not exceed 5 years. Benefits paid for the years ended June 30, 2020, 2019, and 2018 were \$17,655, \$16,097, and \$23,323, respectively.

(12) Pending Litigation

There is no pending litigation against the Allen Action Agency, Inc. at June 30, 2020.

(13) Compensation Paid to Members of the Board of Directors

Members of the Board of Directors of Allen Action Agency, Inc. receive no compensation and are reimbursed only for expenses incurred relating to the Agency's business, which must have appropriate supporting documentation.

(14) Compensation, Benefits, and Other Payments to Agency Head

A detail of compensation, benefits, and other payments paid to the Executive Director, Lyndon Livingston, for the year ended June 30, 2020 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 59,254
Retirement	1,554
Travel	3,896
Reimbursements	961
	<u>\$ 65,665</u>

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(15) Concentrations

The Agency receives a substantial amount of its support from the U.S. Department of Health and Human Services – Head Start Program. A significant reduction in the level of this support or suspension in funding may have a detrimental effect on the continuing operations of the Allen Action Agency, Inc.

The Agency maintains its cash balances at a local financial institution. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2020, cash balances (bank balances) were fully insured.

(16) Subsequent Events

As a result of the unprecedented economic disruption experienced due to the Coronavirus (COVID-19) outbreak, the CARES Act was passed and signed into law on March 27, 2020. This law provides several coronavirus relief options available to small businesses and nonprofit organizations. The Agency was awarded \$300,917 of additional grant funding through various programs of the Agency, funded through the CARES Act, which will be utilized and recognized in the subsequent fiscal year.

The Agency has evaluated subsequent events through December 9, 2020, the date which the financial statements were available to be issued.



**SUPPLEMENTAL INFORMATION**

## **INDIVIDUAL PROGRAMS/FUNDS**

### **Accounts Payable/Payroll**

The clearing accounts which are used for the disbursement of accounts payable and payroll checks for all programs.

### **Food Services Program**

To account for receipt and expenditure of federal grant funds passed through the Louisiana Department of Education for meals for needy children at Head Start locations.

### **Community Service Block Grant**

To account for the receipt and subsequent use of federal grant funds passed through the Louisiana Department of Labor to be used for administrative and other budgeted purposes.

### **Head Start Program**

To account for the receipt and expenditure of funds received from the U.S. Department of Health & Human Services which provides educational, psychological, nutritional, medical, dental and social services to needy pre-school children in the area.

### **Energy Assistance Grants**

To account for the receipt and subsequent use of federal grant funds passed through the Louisiana Housing Finance Agency to be used for the payment of home energy bills for qualifying residents of the area.

### **Emergency Food and Shelter Grants (United Way)**

To account for funds granted by the Emergency Food and Shelter National Board Program.

### **Parents Fund**

To account for local funds received and generated by activities of Head Start participants' parents, which are under the control of the Allen Action Agency, Inc.'s Board of Directors for outreach programs and discretionary spending.

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Combining Statement of Financial Position  
June 30, 2020

	Accounts Payable/ Payroll	Food Services Program	Community Services Block Grant	Head Start Program	Energy Assistance Grants	Emergency Food & Shelter Grants	Parents Fund	Total	Eliminating Entries	Total
ASSETS										
Current assets:										
Cash	\$ 40,176	\$ 53,130	\$ -	\$ -	\$ 448	\$ -	\$ 3,223	\$ 96,977	\$ -	\$ 96,977
Grant receivable	-	-	6,915	-	7,230	-	-	14,145	-	14,145
Due from other funds	1,521	8,851	-	-	1,915	-	-	12,287	(12,287)	-
Total current assets	41,697	61,981	6,915	-	9,593	-	3,223	123,409	(12,287)	111,122
Property and equipment, net	-	-	-	635,140	-	-	-	635,140	-	635,140
Other assets	225	-	-	-	-	-	-	225	-	225
Total assets	<u>\$ 41,922</u>	<u>\$ 61,981</u>	<u>\$ 6,915</u>	<u>\$ 635,140</u>	<u>\$ 9,593</u>	<u>\$ -</u>	<u>\$ 3,223</u>	<u>\$ 758,774</u>	<u>\$ (12,287)</u>	<u>\$ 746,487</u>
LIABILITIES AND NET ASSETS										
Liabilities -										
Current liabilities:										
Accounts payable	\$ 680	\$ -	\$ 6,915	\$ -	\$ 4	\$ -	\$ 50	\$ 7,649	\$ -	\$ 7,649
Accrued salaries and related benefits	4,852	-	-	7,453	-	-	-	12,305	-	12,305
Due to other funds	11,282	-	-	-	1,005	-	-	12,287	(12,287)	-
Deferred revenue	-	-	-	-	2,623	-	-	2,623	-	2,623
Note payable	-	-	-	20,280	-	-	-	20,280	-	20,280
Total liabilities	16,814	-	6,915	27,733	3,632	-	50	55,144	(12,287)	42,857
Net assets:										
Without donor restrictions	25,108	-	-	-	-	-	3,173	28,281	-	28,281
With donor restrictions	-	61,981	-	607,407	5,961	-	-	675,349	-	675,349
Total net assets	<u>25,108</u>	<u>61,981</u>	<u>-</u>	<u>607,407</u>	<u>5,961</u>	<u>-</u>	<u>3,173</u>	<u>703,630</u>	<u>-</u>	<u>703,630</u>
Total liabilities and net assets	<u>\$ 41,922</u>	<u>\$ 61,981</u>	<u>\$ 6,915</u>	<u>\$ 635,140</u>	<u>\$ 9,593</u>	<u>\$ -</u>	<u>\$ 3,223</u>	<u>\$ 758,774</u>	<u>\$ (12,287)</u>	<u>\$ 746,487</u>

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Schedule of Grant Revenue  
For the Year Ended June 30, 2020

LIHEAP/LACAP	\$ 33,211
Food Services Program	77,218
Community Services Block Grant	62,947
Head Start Program	1,253,741
Emergency Food and Shelter Program	<u>11,359</u>
	<u>\$1,438,476</u>

**INTERNAL CONTROL, COMPLIANCE**

**AND**

**OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Brad E. Kolder, CPA, JD\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Christine C. Doucet, CPA  
Wanda F. Arcement, CPA, CVA  
Bryan K. Joubert, CPA  
Matthew E. Margaglio, CPA  
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

Victor R. Slaven, CPA\* - retired 2020

\* A Professional Accounting Corporation

WWW.KCSRCPAS.COM

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mr. Lyndon Livingston, Executive Director  
and Members of the Board of Directors  
Allen Action Agency, Inc.  
Oberlin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Allen Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2020.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Allen Action Agency, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Allen Action Agency Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Allen Action Agency's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Allen Action Agency, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
December 9, 2020

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mr. Lyndon Livingston, Executive Director,  
and Members of the Board of Directors  
Allen Action Agency, Inc.  
Oberlin, Louisiana

### Report on Compliance for the Major Federal Program

We have audited Allen Action Agency, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Allen Action Agency, Inc.'s major federal program for the year ended June 30, 2020. Allen Action Agency, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for Allen Action Agency, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Allen Action Agency, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Allen Action Agency, Inc.'s compliance.



### ***Opinion on the Major Federal Program***

In our opinion, Allen Action Agency, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

### **Report on Internal Control over Compliance**

Management of Allen Action Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Allen Action Agency, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Allen Action Agency, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
December 9, 2020

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Expenditures
U. S. Department of Health and Human Services:		
Head Start Cluster - Head Start	93.600	\$ 1,253,741
Passed through the Louisiana Department of Education -		
Passed through Louisiana Housing Finance Agency -		
Low-Income Home Energy Assistance	93.568	33,211
Passed through the Louisiana Department of Labor -		
Community Services Block Grant 477 Cluster -		
Community Service Block Grant	93.569	<u>62,947</u>
 Total Department of Health and Human Services		 <u>1,349,899</u>
U. S. Department of Agriculture:		
Passed through Louisiana Department of Education -		
Child and Adult Care Food Program	10.558	<u>77,218</u>
U.S. Department of Homeland Security:		
Passed through United Way -		
Emergency Food and Shelter Program	97.024	<u>11,359</u>
 Total expenditures of federal awards		 <u>\$ 1,438,476</u>

The accompanying notes are an integral part of this schedule.

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Allen Action Agency, Inc. under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Allen Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Allen Action Agency, Inc.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The Allen Action Agency, Inc. has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

(4) Relationship to Federal Financial Reports

A reconciliation of total expenditures of federal awards reported in the schedule of expenditures of federal awards to total expenses per statement of functional expenses is as follows:

Total expenses per statement of activities	\$ 1,746,449
Add: Principal note payments	39,302
Equipment additions	126,576
Less: In-kind contributions	(350,233)
Depreciation	(78,969)
Non-federal expense	<u>(44,649)</u>
Total expenditures per schedule of federal awards	<u>\$ 1,438,476</u>

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

Part I. Summary of Auditor's Results

<i>Financial Statements</i>			<u>Type of Opinion</u>
1. Type of auditor's opinion issued on financial statements:			Unmodified
2. Internal control over financial reporting:			
Material weakness(es) identified?	_____ yes	_____ <input checked="" type="checkbox"/> no	
Significant deficiency(ies) identified?	_____ yes	_____ <input checked="" type="checkbox"/> no	
3. Noncompliance material to the financial statements?	_____ yes	_____ <input checked="" type="checkbox"/> no	
<i>Federal Awards</i>			
4. Internal control over major federal programs:			
Material weakness(es) identified?	_____ yes	_____ <input checked="" type="checkbox"/> no	
Significant deficiency(ies) identified?	_____ yes	_____ <input checked="" type="checkbox"/> no	
5. Major programs and type of auditor's report issued:			
<u>CFDA Number</u>	<u>Federal Agency and Name of Major Program</u>		<u>Type of Opinion</u>
93.600	<u>U.S. Department of Health and Human Services Head Start Program</u>		Unmodified
6. Audit findings required to be reported in accordance with 2 CFR §200.516(a)?	_____ yes	_____ <input checked="" type="checkbox"/> no	
7. Threshold for distinguishing type A and B programs?			\$ <u>750,000</u>
8. Qualified as a low-risk auditee?	_____ <input checked="" type="checkbox"/> yes	_____ no	
<i>Other</i>			
9. Management letter issued?	_____ yes	_____ <input checked="" type="checkbox"/> no	

Part II. Findings reported in accordance with Government Auditing Standards

No findings reported under this section

Part III. Findings and questioned costs for Federal Awards defined in the Uniform Guidance

No findings reported under this section

**Allen Action Agency, Inc.**

P.O. Box 540 – 8838 Hwy 165  
Oberlin, LA 70655  
(337) 639-4348 Fax: (337) 639-4715  
(TTY) 800-846-5277

Lyndon Livingston  
Executive Director

Carolyn Manuel  
Chairperson  
Board of Directors

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Part I. Findings reported in accordance with *Government Auditing Standards*:**

**A. Internal Control Findings –**

2019-002 Theft of Assets

CONDITION: After receiving complaints from parents regarding the nonreceipt of items ordered through a class fundraiser, an internal investigation determined that approximately \$2,300 was misappropriated by an employee of one of the Agency's Headstart Centers. Restitution has not been made, and the individual believed to have misappropriated the funds is no longer employed by the Agency. No police report was filed. The Louisiana Legislative Auditor and the District Attorney were notified of the incident ten months later.

RECOMMENDATION: Management Should evaluate security controls to ensure they are adequate and functioning properly.

CURRENT STATUS: Resolved.

**B. Compliance Findings –**

2019-001 Untimely Reporting of Theft

CONDITION: The Agency learned of the misappropriation of fundraiser collections in December 2018 and did not notify the Legislative Auditor or the District Attorney until October 2019.

RECOMMENDATION: Management should notify the Legislative Auditor and the District Attorney immediately when misappropriate is identified.

CURRENT STATUS: Resolved.

**Part III. Findings and questioned costs for Federal awards defined in the Uniform Guidance:**

There were no findings to be reported under this section.

Sincerely yours,



Lyndon Livingston  
Executive Director  
Allen Action Agency

“An Equal Opportunity Employer”

“Auxiliary aids and services are available upon request to individuals with disabilities”